

Reply to Common Council File No. 130103
From DOA-Budget and Management Division

May 6, 2013

Ref: 13007

Common Council File No. 130103 contains a resolution reserving and appropriating up to \$620,000 in funding from the 2013 Common Council Contingent Fund for the 2013 Police Department overtime and the hiring of 20 additional Police Officer positions as part of the Police Department's 2013 recruit class.

In evaluating the resolution it is important to consider the context of the 2013 budget and the city's ongoing structural financial condition. The city has faced a nominal decline in State Shared revenue of \$23 million (\$78.6 million inflation adjusted) since 2003. In addition, the city is subject to levy limits which as a practical matter limit annual property tax revenue increases to about \$2.5 million.

Since 2003 the Police budget has grown from \$168.8 million to \$237.5 million in 2013, a 40.6% increase. This is approximately 11% higher than the rate of inflation as measured by the CPI-U during this period. During the same time the Police budget has gone from 34.6% of the budget for general city purposes to 40.0% in 2013.

The 2013 budget was developed with a resize, restructure, and reinvest strategy. The 2013 Police budget reinvests by including \$1.2 million of property tax funding to move 41 Police Officers from federal grant funds to local funding, beginning mid-year. An additional 9 Police Officers will experience this transition beginning in 2014. The full year property tax cost for this transition of 50 Police Officers will be over \$3 million annually when it is fully implemented. The budget reinvests by including approximately \$4.8 million for increased wage rates that were not included in the department's 2012 budget. The overtime budget increased \$720,000 to include increased wage rates and the \$350,000 added by the budget amendment sponsored by Aldermen Murphy, Donovan, and Kovac, and supported by Mayor Barrett. The 2013 budget resizes by including funds for an average sworn police strength of 1,862, including a recruit class of between 16 and 20. This represented a 1% decrease from 2012. In addition the 2012 total employer pension contribution for sworn Police staff was almost \$30 million.

Year-to-date expenditures suggest that the department is managing its operations effectively with the appropriated level of overtime funding. In addition, the department has indicated it has maintained its minimum daily staffing levels while managing the Council mandated three furlough days.

The estimated annual impact of the proposal for wages and fringes is \$1,550,000. Adoption of this resolution outside of the annual budget process does not allow for a full consideration of this impact on the city's ongoing structural budget picture.

RECOMMENDATION: PLACE FILE NUMBER 130103 ON FILE.



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